

KPI PERFORMANCE INDICATORS FOR MOST MATERIAL MATTERS 2025



ECONOMIC COMMITMENT



Sustainable Procurement and Local Sourcing

CBB prioritizes ethical sourcing by partnering with certified suppliers to ensure all paper-based materials originate from responsibly managed forests. Furthermore, CBB integrates eco-friendly chemical alternatives into its manufacturing processes to minimize environmental contamination and ensure operational safety.

Purchase of Eco-label Products

CBB maintains procurement partnerships with certified forest-based kraft paper suppliers for paper raw materials, sourcing from responsibly managed forests and certified production facilities. This approach ensures sustainable harvesting and systematic replanting programmes, supports forest preservation and safeguards ecosystems.

Purchase of Environmentally Friendly Chemicals for the Manufacturing Process

CBB utilises 24.7% environmentally friendly chemicals to minimise the release of hazardous substances into the air, water and soil. This helps prevent contamination of ecosystems and reduces risks to human health.



Quality and Product Responsibility

CBB achieved an 87.3% customer satisfaction score in 2025, driven by high manufacturing standards that resulted in a minimal 0.03% rejection rate for cartons and zero rejection for paper products. This performance reflects our dedication to operational excellence and the delivery of high-quality packaging solutions.

CBB Customer Satisfaction Score



2025: 87.3%

2024: NA

2023: NA

CBB Product Rejection Analysis

2025 Environmental-Related KPIs

CBB targets a rejection rate of:

- 1.5% for carton products
- 0.3% for paper products

Achievements

CBB recorded the following annual rejection rates:

- Carton: 0.03%
- Paper: 0% (zero rejection recorded)

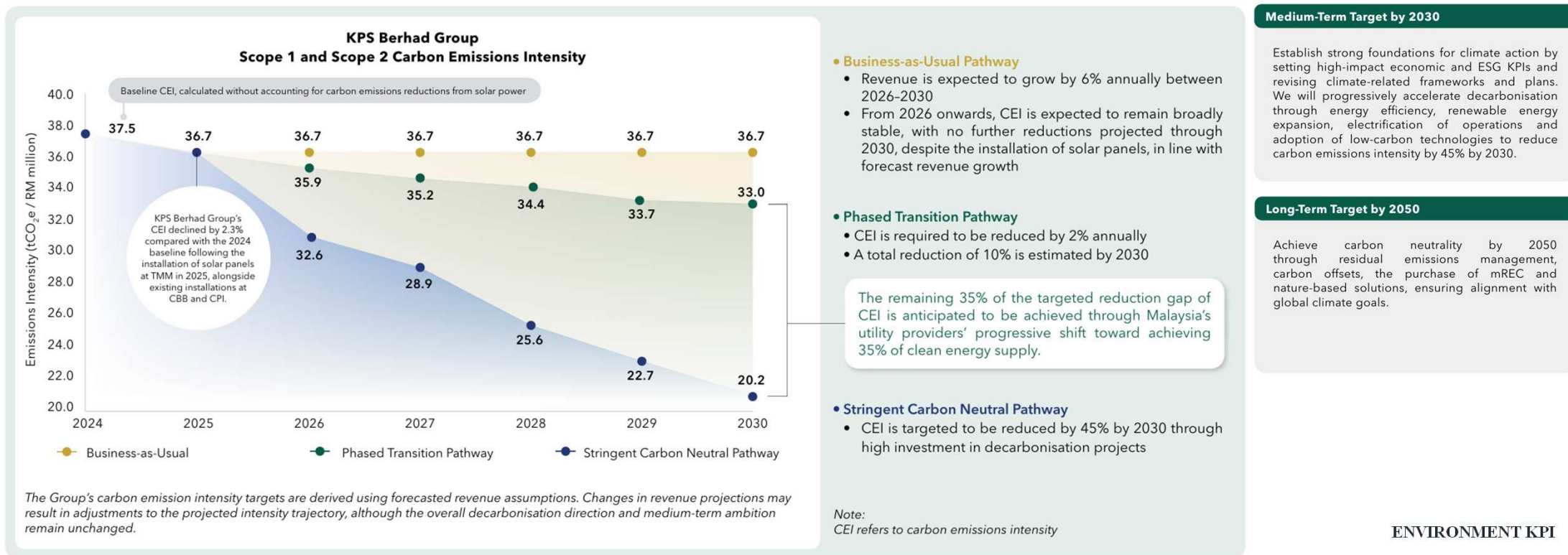


ENVIRONMENT COMMITMENT



Strategic Energy Efficiency & Climate Targets

The overall management approach to energy consumption is centered on continuously prioritizing cost and operational efficiency. This approach is aligned with the Group's climate strategy under the Phased Transition Pathway to achieve progressive emissions intensity reductions. This encompasses a short-term target for each subsidiary, including CBB, to reduce emissions intensity by 2% annually. This progressive step drives us toward achieving our medium-term target of a 45% reduction by 2030, and our ultimate goal of carbon neutrality by 2050.



Emission

In 2025, CBB conducted a comprehensive Product Life Cycle Assessment (PLCA) to identify and quantify carbon emission hotspots within our paper bag production. This initiative provides a strategic foundation for CBB to implement data-driven carbon reduction measures and improve environmental transparency.

Scope 1

IPCC Guidelines for National Greenhouse Gas Inventories

Scope 2

Scope 2 emissions were calculated using the location-based approach, based on country or grid-average electricity emission factors applicable to the locations where electricity was consumed.

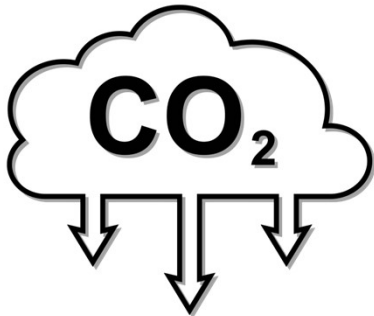
IPCC Guidelines for National Greenhouse Gas Inventories:

- Malaysia: Grid Emission Factor (GEF), 2017-2022, by Malaysia Energy Information Hub
- Indonesia: Faktor Emisi Gas Rumah Kaca (GRK) Sistem Interkoneksi Ketenagalistrikan by Kementerian Energi dan Sumber Daya Mineral Direktorat Jenderal Ketenagalistrikan
- Vietnam: Publication of Greenhouse Gas Emission Scenarios for 2023 by the Ministry of Natural Resources and Environment of Vietnam
- China: Announcement on the Release of Electricity Carbon Footprint Factor Data in 2024 by the Ministry of Ecology and Environment of the People's Republic of China

Scope 3

Conversion factors 2025: Condensed set (for most users) - updated 10 June 2025 by the Department for Energy Security and Net Zero, United Kingdom.

Type of Emission	Scope 1	Scope 2	Scope 3
Emission (tC02)	1,716.3	4,160.0	356.4





Scope 1 Stationary and Mobile Fuel Consumption

2025	2025
7,205.9	26,223,513.3
2024: 8,333.9	2024: 30,328,237.7
2023: 13,844.5	2023: 49,840,246.8

Scope 2 Purchased Electricity

2025	2025
5,374.6	19,348,455.5
2024: 5,905.2	2024: 21,258,870.1
2023: 8,011.6	2023: 28,841,868.0

Total Scope 1 and Scope 2 Energy Consumption

2025	2025
12,580.5	45,572,087.8
2024: 14,239.1	2024: 51,587,107.7
2023: 21,856.1	2023: 78,682,114.8

Total Solar Photovoltaic Energy Generation

2025	2025
1,108.9	3,991,981.9
2024: 1,109.0	2024: 3,992,316.8
2023: 1,121.4	2023: 4,037,070.8

Total Energy Consumption

2025	2025
13,689.4	49,564,069.7
2024: 15,348.1	2024: 55,579,424.6
2023: 22,977.6	2023: 82,719,185.5



Installed Capacity (kWp)

2025
935.4
2024: 935.4
2023: 935.4

Total Solar Photovoltaic Energy Generation (MWh)

2025
1,108.9
2024: 1,109.0
2023: 1,121.4

Total Solar Photovoltaic Energy Generation (MJ)

2025
3,991,981.9
2024: 3,992,316.8
2023: 4,037,070.8

Solar Energy Generated as a Percentage of Total Energy Consumed

2025
8.1%
2024: 7.2%
2023: 4.9%

Amount of tCO₂e Offset by Solar Energy

2025
858.3
2024: 858.4
2023: 874.7

Emission

Overview of Company-Wide Energy Consumption Breakdown



Product Life Cycle Assessment



Impact Story: Product Life Cycle Assessment



Overview

CBB manufactures high-volume cement paper bags, where material usage, scrap generation and energy consumption significantly contribute to the company's and the product's carbon emissions. Prior to this assessment, CBB lacked quantified CO₂e emissions data per bag based on life-cycle considerations, limiting its ability to quantify emissions, identify process hotspots, and respond effectively to customer ESG requirements. The absence of a detailed product life cycle understanding also made it difficult to identify inefficiencies, particularly in relation to scrap generation at the Bottomer stage, high-impact material usage (e.g., Durovac glue), and energy patterns comparisons across old and new production lines.

We recognised that CBB required a data-driven method to pinpoint emissions sources, compare production lines, and identify opportunities to reduce waste, improve operational efficiency, and strengthen environmental-related disclosures.

Initiative

To address these gaps, in 2025, CBB conducted a gate-to-gate Product Life Cycle Assessment ("PLCA") and Product Carbon Footprint ("PCF") analysis for its Cement Paper Bag, in accordance with ISO 14040, ISO 14044, and ISO 14067 standards.

The initiative involved:

Developing a **PCF methodology to quantify CO₂e per bag and per tonne of cement**, enabling scenario testing across materials, production lines and energy mixes.

Addressing process hotspots, revealing that Bottomer units consistently generate the highest scrap, especially on the new line, confirming that process setup, rather than machine capability, is the root cause.

Conducting a detailed **Lifecycle Inventory** covering materials, electricity, diesel, water, scrap and process flow across two different production lines manufacturing **50kg cement bags**.

- Production line with a separate preprint machine
- Production line without a separate preprint machine

Analysing **improvement levers**, including glue formulation, scrap reduction opportunities, electricity decarbonisation and material substitution.



Performing impact assessments to understand how materials such as **paper, glue, High-Density Polyethylene and electricity** influence total CO₂ emissions.



CBB implements strict quality control measures to ensure compliance with customer requirements.

Product Life Cycle Assessment

Outcome

The PLCA and PCF study delivered clear, quantifiable environmental insights, enabling CBB to take targeted action.

Measures Potential Carbon Footprint Reduction

The analysis demonstrated that the production line with a separate preprint machine contributed 28% lower carbon emissions compared to the production line without a separate preprint machine (3.612 kg CO₂/tonne cement vs. 5.018 kg CO₂/tonne cement). This finding validates the value of equipment upgrades when combined with process improvements.

Identification of Major Emission Drivers

1 Production line with a separate preprint machine

- The highest scrap generation occurred at the New Line's Bottomer machine, resulting in 965.6 kg of material loss and carrying significant embedded emissions
- The machine layout design and the additional preprint process increased the electrical energy and diesel consumption patterns

2 Production line without a separate preprint machine

- Glue usage was approximately three times higher than the new line
- Glue-related emissions on the production line without a separate preprint machine were seven times higher due to carbon-intensive adhesives

Hotspot-Driven Operational Improvements

- Prioritise paper optimisation, as it contributes 60-90% of the total carbon footprint, representing the most significant emissions reduction lever
- Implement root-cause scrap reduction programmes to minimise material loss and embedded emissions
- Optimise machine setup, calibration and process alignment to improve efficiency
- Track scrap fate and quantify reduction outcomes to monetise CO₂ savings

Strategic Recommendations for Low-Carbon Manufacturing

1 Production line with a separate preprint machine

- Optimising energy efficiency

2 Production line without a separate preprint machine

- Reformulating the carbon-intensive glue

The PLCA study represents a significant advancement for both CBB and KPS Berhad. By integrating empirical data, machine-level diagnostics and detailed material footprint analysis, CBB now has a transparent and scientifically robust product carbon footprint. This enhanced visibility enables more targeted and impactful climate actions, improves the quality and credibility of sustainability reporting and provides a strategic foundation for meaningful decarbonisation across its manufacturing operations.



CBB employee inspects paper products following the gluing process.

Waste Reduction and Environmental Initiatives



Impact Story: Eliminating Single-Use Plastics for a Cleaner, Safer Workplace



Overview

CBB strengthened its commitment towards the environment as a responsible manufacturer by launching the No Single-Use Plastic Campaign at one of its manufacturing facilities in Senai, Malaysia. As one of the pioneers and a recognised packaging manufacturer, CBB recognises the importance of setting the right example, especially in an industry closely linked to material use, waste management, and sustainable production. The campaign aims to foster responsible consumption habits among employees while reducing unnecessary plastic waste within operational areas and office environments.

Initiative

Launched in January 2025, CBB enforced a company-wide directive to eliminate single-use plastics within its premises. The initiative was rolled out through targeted internal engagement activities, including briefings, digital posters, canteen notices and management-led advocacy.



Company-Wide Elimination of Single-Use Plastics

Key actions included:

- ▶ Prohibiting the purchase and use of plastic mineral water bottles for any company event, meeting, or daily office consumption
- ▶ Employees were discouraged from bringing disposable plastic bottles and encouraged to use reusable containers instead
- ▶ Single-use plastic items, such as disposable cups, cutlery and packaging, were removed from offices, pantries and meeting spaces
- ▶ Environmental awareness was embedded into daily routines through internal publicity campaigns, including staff communication channels and visual prompts across production floors

Outcome

Employees have adopted reusable bottles and containers as part of their daily routines, reducing the volume of plastic waste generated at the facilities. The elimination of plastic-bottle purchases has also contributed to operational cost savings and reduced procurement-related waste. More importantly, the initiative has increased employees' awareness of responsible consumption and reinforced CBB's identity as a sustainability-driven manufacturer.



Impact Story: Waste Valorisation Practices in Pulp Products (From Waste to Product)



Overview

In carton manufacturing, large volumes of trim waste and rejected cartons are often discarded, leading to unnecessary landfill contributions and higher material costs. Additionally, pulp production traditionally depends heavily on municipal water, placing further strain on external resources.

Initiative

To address these environmental impacts, our subsidiary company, CBB introduced an innovative process that transforms carton trim waste into pulp products, effectively reducing raw material dependency. By integrating this method into daily operations, the company achieved a 100% success rate in repurposing what would have been waste into a key raw material.

Total Pulp Products produced in 2025
1,138,116 units

Outcome

CBB's circular economy initiative has successfully reduced waste generated from paper and carton production. Through the reuse of trim carton waste and rejected cartons, the company has effectively lowered raw material costs.



Instead of purchasing Pro Pulp at approximately

RM0.57 per kilogram

from external suppliers, CBB reuses its own discarded materials, minimising landfill impact while maximising resource efficiency.

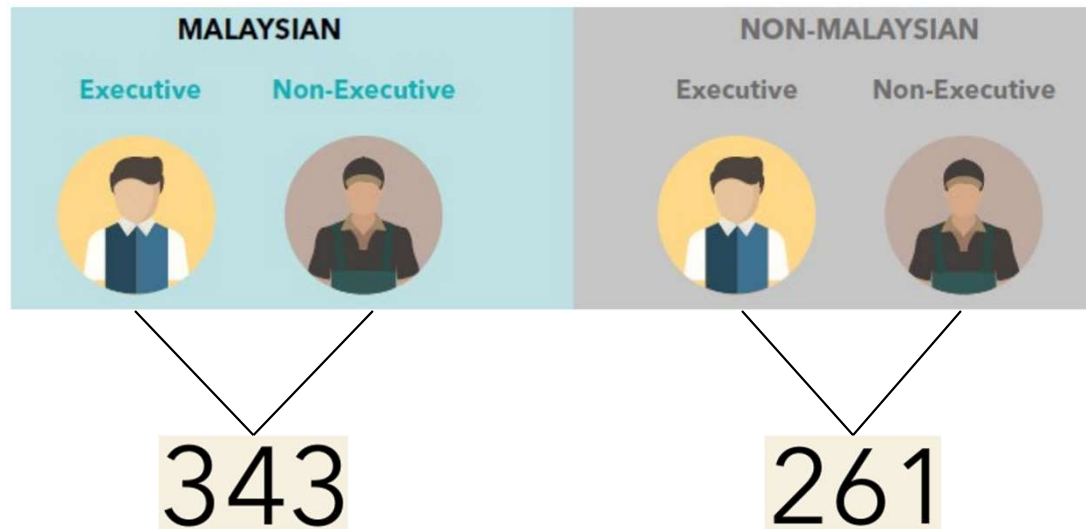
SOCIAL COMMITMENT



Hiring from Local Communities

CBB is committed to supporting the local economy by giving priority to Malaysian talent for all available roles. Our approach is to provide local candidates with the first opportunity for employment at both our Headquarters and subsidiary levels.

However, to address the shortage of local interest in manual labor roles within our manufacturing operations, we supplement our workforce with foreign workers. This ensures operational continuity while strictly maintaining compliance with national labor laws and fair employment standards.



Career Growth Through Structured Promotion Pathways

CBB is dedicated to fostering professional growth by providing clear and transparent promotion pathways. We believe that structured career advancement is a key driver of employee motivation, engagement, and long-term retention.

Achievement & Initiative

In 2025, we successfully surpassed our target by training and promoting 6 unskilled employees to higher positions. This initiative is part of our commitment to upskilling our workforce, ensuring that promotions are based on a rigorous evaluation of performance, leadership potential, and alignment with the company's strategic goals.



Occupational Safety & Health



Impact Story: Safeguarding Safety and Health Standards Beyond Employees

Overview

At CBB, OSH extends beyond employees to include contractors and visitors who enter the company's premises. Management observed that some contractors and visitors were unfamiliar with site-specific hazards, operational risks and emergency protocols. Although no incidents or injuries involving contractors or visitors were recorded, this observation highlighted the need for a standardised and effective approach to communicate CBB's safety requirements before any activity begins on site.

Initiative

Recognising that contractors and visitors may access operational areas where risks are present, CBB introduced a mandatory safety and health briefing video. This initiative ensures that OSH expectations are communicated clearly and consistently across all contractors prior to site entry. The video provides guidance on safe work practices, site rules, emergency procedures and hazard awareness.

Completion and acknowledgement of the briefing are mandatory for site access. Contractors and visitors must complete the briefing before entering the premises.

Following its implementation, contractors arrived on site with a clearer understanding of safety requirements, reducing the need for supervisors to repeat basic instructions. The initiative also helped contractors feel better prepared for on-site activities, supporting smoother operations, fewer disruptions and improved workplace safety.

Outcome

The introduction of the mandatory safety and health briefing video has strengthened CBB's safety culture and improved overall operational preparedness among contractors and visitors. The standardised briefing ensures that all external personnel enter the premises with a consistent understanding of site rules, hazard controls and emergency protocols. As a result, supervisors spend less time reiterating basic safety instructions and can focus on higher-risk activities and safety monitoring.

Contractors are better informed and prepared before commencing work, contributing to smoother coordination and fewer operational delays. Early observations also indicate improved compliance with personal protective equipment requirements, safer movement within operational zones, and more consistent adherence to safety signage and instructions. These improvements support safer site operations and reinforce CBB's commitment to maintaining a secure working environment for everyone on site.



Employees participate in fire drill training to strengthen safety and health preparedness.

END OF REPORT



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